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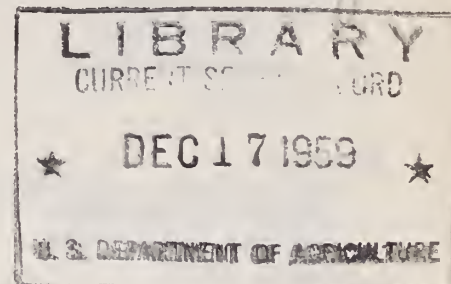
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The

# DEMAND and PRICE SITUATION

DPS-52

April 1959  
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Approved by the Outlook and Situation Board, April 20, 1959

## SUMMARY

Prices received and net incomes realized by farmers this year are likely to be somewhat under 1958, when they rose to the highest levels in 5 years. Farm cash receipts are likely to be maintained at the 1958 level by a heavy volume of marketings. But with farm cost rates at record highs and Soil Bank payments to farmers this year substantially reduced by termination of the Acreage Reserve program, realized net income may decline about 1 billion dollars from the 13.1 billions realized in 1958, but remain over a billion above the 1957 level. Part of the prospective decline in income from farming will likely be offset by increased farm family income from nonfarm sources as industrial wage rates and job opportunities for farm people continue to improve.

Heavy supplies continue to dominate the agricultural outlook, even though consumer markets for food and other products of our farms are strong. Moreover, foreign takings of U. S. farm products in the second half of this year will likely exceed those of the last half of 1958, reflecting an improving economic situation abroad, larger financial reserves, and continued large U. S. Government export programs.

(Continued on page 3)

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## ECONOMIC FACTORS AFFECTING AGRICULTURE

| Item  | Unit or<br>base<br>period | 1958   |        |        | 1959   |        |        |
|---|---------------------------|--------|--------|--------|--------|--------|--------|
|   |                           | Year   | Mar.   | Dec.   | Jan.   | Feb.   | Mar.   |
| Industrial production: Seasonally adj. <u>1/</u>      |                           |        |        |        |        |        |        |
| Total   | 1947-49=100               | 134    | 128    | 142    | 143    | 145    | 147    |
| All manufactures                                      | do.                       | 136    | 129    | 144    | 145    | 148    | 150    |
| Durable goods   | do.                       | 142    | 135    | 152    | 153    | 156    | 160    |
| Nondurable goods                                      | do.                       | 130    | 124    | 135    | 137    | 139    | 140    |
| Minerals  | do.                       | 117    | 112    | 124    | 124    | 123    | 123    |
| Construction:   |                           |        |        |        |        |        |        |
| Total outlays, seasonally adjusted <u>2/</u>          | Mil. dol.                 | 48,980 | 3,966  | 4,473  | 4,539  | 4,537  | 4,544  |
| Public construction                                   | Mil. dol.                 | 15,033 | 1,209  | 1,424  | 1,444  | 1,417  | 1,438  |
| Private residential                                   | Mil. dol.                 | 17,884 | 1,397  | 1,715  | 1,787  | 1,817  | 1,811  |
| Housing starts  | Thousands                 | 1,209  | 918    | 1,432  | 1,350  | 1,320  | 1,390  |
| Manufacturers' sales and inventories: <u>2/</u>       |                           |        |        |        |        |        |        |
| Total sales, seasonally adjusted                      | Mil. dol.                 | 26,246 | 24,931 | 28,135 | 28,143 | 28,544 |        |
| Durable goods   | Mil. dol.                 | 12,402 | 11,670 | 13,613 | 13,541 | 13,826 |        |
| Unfilled orders-sales ratio <u>6/</u>                 |                           | 3.57   | 3.86   | 3.23   | 3.31   | 3.34   |        |
| Inventory-sales ratio <u>6/</u>                       |                           | 1.93   | 2.09   | 1.75   | 1.76   | 1.74   |        |
| Durable goods   |                           | 2.32   | 2.56   | 2.05   | 2.08   | 2.05   |        |
| Employment and wages: <u>7/</u>                       |                           |        |        |        |        |        |        |
| Total civilian employment                             | Millions                  | 64.0   | 62.3   | 64.0   | 62.7   | 62.7   | 63.8   |
| Nonagricultural                                       | do.                       | 58.1   | 57.2   | 59.1   | 58.0   | 58.0   | 58.6   |
| Unemployment  | do.                       | 4.7    | 5.2    | 4.1    | 4.7    | 4.7    | 5.2    |
| Workweek in manufacturing                             | Hours                     | 39.3   | 38.6   | 40.2   | 39.9   | 40.0   | 40.1   |
| Hourly earnings in manufacturing                      | Dollars                   | 2.13   | 2.11   | 2.19   | 2.19   | 2.20   | 2.21   |
| Income and spending:                                  |                           |        |        |        |        |        |        |
| Personal income payments <u>2/ 3/</u>                 | Bil. dol.                 | 354.4  | 348.7  | 359.9  | 363.0  | 365.4  | 368.6  |
| Consumer credit outstanding <u>1/</u>                 | Mil. dol.                 | 45,065 | 42,500 | 45,065 | 44,415 | 44,071 |        |
| Automobile  | Mil. dol.                 | 14,131 | 14,793 | 14,131 | 14,155 | 14,223 |        |
| Total retail sales, seasonally adj. <u>2/</u>         | Mil. dol.                 | 16,682 | 16,074 | 17,605 | 17,454 | 17,552 | 17,692 |
| Durable goods   | Mil. dol.                 | 5,284  | 5,020  | 5,827  | 5,836  | 5,868  | 5,930  |
| Inventory-sales ratio <u>6/</u>                       |                           | 1.44   | 1.50   | 1.36   | 1.39   | 1.38   |        |
| Prices:   |                           |        |        |        |        |        |        |
| Wholesale prices, all commodities <u>4/</u>           | 1947-49=100               | 119    | 120    | 119    | 120    | 120    | 120    |
| Commodities other than farm and food                  | do.                       | 126    | 126    | 127    | 128    | 128    | 128    |
| Farm products   | do.                       | 95     | 100    | 91     | 92     | 91     | 91     |
| Foods processed                                       | do.                       | 111    | 111    | 109    | 109    | 108    | 107    |
| Consumer price index, all items <u>4/</u>             | 1947-49=100               | 124    | 123    | 124    | 124    | 124    |        |
| Food  | do.                       | 120    | 121    | 119    | 119    | 118    |        |
| Prices received by farmers <u>8/</u>                  | 1910-14=100               | 250    | 256    | 244    | 244    | 243    | 244    |
| Crops   | do.                       | 224    | 232    | 213    | 215    | 218    | 222    |
| Livestock and products                                | do.                       | 272    | 277    | 269    | 270    | 265    | 263    |
| Prices paid, interest, taxes and wage rates <u>8/</u> | 1910-14=100               | 293    | 293    | 295    | 298    | 297    | 298    |
| Family living items                                   | do.                       | 287    | 287    | 287    | 288    | 288    | 287    |
| Production items                                      | do.                       | 264    | 263    | 265    | 268    | 267    | 268    |
| Parity ratio <u>8/</u>                                |                           | 85     | 87     | 83     | 82     | 82     | 82     |
| Farm income and marketings: <u>8/</u>                 |                           |        |        |        |        |        |        |
| Volume of farm marketings                             | 1947-49=100               | 123    | 89     | 139    | 127    | 104    | 99     |
| Cash receipts from farm marketings                    | Mil. dol.                 | 33,206 | 2,108  | 3,034  | 2,862  | 2,242  | 2,200  |

Annual data for most of these items for the years 1929 and 1939-58 appear on page 35 of the April 1959 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.  
4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census.  
8/ U. S. Department of Agriculture, Agricultural Marketing Service.



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 T H E D E M A N D A N D P R I C E S I T U A T I O N  
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Approved by the Outlook and Situation Board, April 20, 1959

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Growing conditions so far this year have not developed as favorably as last year, when they were unusually good. But even if yields per acre do not reach the record levels of 1958, agricultural production could well be large enough to add further to burdensome surpluses of some commodities. Farmers intended early in March to plant some 2 percent more acres in crops than last year. Much of the increase would be in corn, cotton, and wheat, of which plantings were reduced last year under the Acreage Reserve program. Carryover stocks of wheat and corn will be at new highs at the end of the current season. The cotton carryover will be large, though well below recent years. The bulk of these stocks will be held by CCC under the price support program. CCC investment in inventories and price support operations totaled 9.1 billion dollars at the end of February compared with 7.3 billions a year earlier.

Marketings of livestock and of livestock products are increasing. Cattle marketings may rise only slightly as farmers continue to build up breeding stock and cattle herds. But hog marketings have risen substantially, reflecting the large increase in the pig crop last fall. A substantial increase is in view for the spring crop. Broiler and egg output so far this year has been well above a year earlier. Output of milk, though presently slightly below a year ago, is expected to show a small increase for the year.

The sustained recovery in the economy over the past year increased the flow of disposable income to consumers to a new high. In the first quarter of 1959, it was about 4 percent larger than in the same period a year earlier.

Demand for food has strengthened and sales at retail food stores were 3 percent above a year earlier. Retail food prices averaged slightly lower in the first quarter of 1959 than in 1958, though the marketing spread between the farmer and the consumer has apparently widened.

Over the past year, the main expansionary forces in the economy have been rising expenditures by Federal, State and local Governments; a shift from heavy liquidation of business inventories to some accumulation recently, partly reflecting the possibility of a work stoppage in steel later this year; a sharp rise in residential construction activity; a rising level of consumer expenditures generated by increasing employment, a longer workweek and higher wage rates. Purchases of automobiles which were sharply reduced last year are running substantially higher this year.

Further increases in consumer incomes and in the demand for food during the rest of the year appear assured. Federal Government outlays may well level off, but expenditures by State and local Governments for highways, schools and other public facilities will continue to increase. Outlays for residential construction may level off but the most recent survey on business investment plans conducted by the Securities and Exchange Commission and the U. S. Department of Commerce indicates that the decline in business outlays for new plant and equipment has been halted and that some rise is in prospect this year. Corporate profits apparently have increased substantially in the first quarter of this year. Further, inventory-sales ratios are generally low, indicating continued purchases for restocking of business inventories. Thus, further increases in employment as well as the trend toward higher wage rates should generate additional increases in consumer expenditures.

The value of U. S. exports of agricultural commodities during the fiscal year which ends next June 30, is now estimated at 3.7 billion dollars, down some 7 percent from 1957-58. The decline is due to a substantial reduction in exports of cotton from the 5.7 million bales of 1957-58. Exports of wheat, rice, feed grains and soybeans have increased this season. Prospects are bright for a larger volume of exports in the July-December 1959 period than in the same period of last year. Cotton exports particularly, should show a substantial increase, reflecting an improving textile situation abroad as well as increased availability of U. S. cotton at competitive prices abroad.

Prices received by farmers as of mid-March, averaged almost 5 percent under a year earlier. Prices of wheat were down about 10 percent, reflecting the lower price support for the 1958 crop. Otherwise, the major price declines--potatoes (68 percent), hogs (24 percent), broilers (20 percent), and eggs (17 percent)--reflected increased supplies. Prices received for beef cattle were up 7 percent from March 1958, because of smaller slaughter and a strong demand for replacement cattle.

Average prices to farmers are likely to decline later in the year as 1959 crops come to market and hog marketings from the larger spring pig crop increase. Price support levels for oil-bearing crops, some feed crops, and



cotton have been reduced somewhat from those in effect for 1958 crops. For wheat, the 1959 crop support is essentially the same as for the 1958 crop. For corn, the price support will be higher than the support level available to those farmers who did not comply with corn acreage allotments in 1958 and who produced a major part of the corn crop. Dairy support prices for 1959-60 are the same as those in effect the past year.

On the other hand, prices paid by farmers for production items, interest, taxes and wage rates in mid-March, were 3 percent above a year earlier and a record high. Prices of fertilizer and seeds are running slightly under 1958 but prices paid for farm machinery and motor vehicles are higher. Interest charges and taxes per acre show increases of 8 and 6 percent respectively. Farm wage rates on April 1 averaged 9 percent above a year earlier. Prices paid by farmers for feeder livestock in mid-March were about 5 percent above a year ago, while feed purchased by farmers was slightly higher.

Living costs have held steady over the past year for farm families as well as for urban consumers. Lower food prices have offset increases in other categories.

Cash receipts from farm marketings in the first quarter of 1959 were slightly larger than in the same period of 1958, as an increased volume of marketings offset somewhat lower prices. Thus, despite a substantial increase in production expenses, the seasonally adjusted annual rate of realized net income in the first quarter of 1959 was about the same as in the first quarter of 1958, though somewhat lower than the average for the year.

For 1959 as a whole, cash receipts may be as large as in 1958 with increased marketings continuing to offset lower prices. Receipts from wheat may be down appreciably, because of the prospect that the 1959 winter wheat crop will be about 200 million bushels smaller than in 1958. With a substantial increase in cotton acreage, receipts from cotton could be up considerably. Receipts from hogs will likely be down because of lower prices, but receipts from cattle and from dairy products will likely increase some.

Production expenses this year will be up again, as in 18 of the past 20 years. The increase this year reflects increased quantities being purchased as well as higher prices. Expenses for feed and for livestock purchased by farmers are rising as a result of expanding livestock operations. Farm wage costs are also higher. Moreover, overhead costs, including interest, taxes and depreciation charges, are larger this year than last.

The end of the Acreage Reserve will result in a substantial reduction in total Soil Bank payments to farmers this year, despite a large expansion of the Conservation Reserve. Last year, farmers received over 800 million dollars from this source.

### Commodity Highlights

The demand for replacement cattle is expected to remain high through the spring, and prices will continue strong.

Farmers are expected to sell a record quantity of dairy products in 1959, with cash receipts approximating the 1957 record level of 4.6 billion dollars.

Hatchings of 1959 replacement chicks through the end of March were 3 percent above a year earlier, despite sharply lower egg prices.

Prices of edible oils and lard during May-September probably will continue below the same period of 1958 because the supply is substantially greater than potential domestic and export market outlets.

As of April 1, the 1959 winter wheat crop was forecast at 966 million bushels, 18 percent below the 1,180 million bushels crop of last year.

Carryover of rice on August 1, 1959 is expected to be about 16.8 million cwt., in ~~terms~~ terms of rough rice, substantially below the 18.1 million cwt. carry-over of a year ago and the 34.6 million cwt. held on August 1, 1956.

Citrus fruit prices this spring and summer probably will be somewhat lower than the unusually high level of a year ago, but they are likely to be higher than those of the several preceding years.

Marketings of fresh vegetables are expected to be about the same during the next 4 to 6 weeks as those of last year, but prices of most items will probably average lower.

Domestic mill consumption of cotton will probably continue above a year earlier through the remainder of 1959. February consumption was the highest since October 1956; mill and trade inventories are low and unfilled orders are rising.

Wool incentive payment rates on the 1958 marketings are expected to be the highest since the beginning of the program on the 1954 clip because of the low price received by growers this season.

#### GENERAL BUSINESS CONDITIONS

Gross national output in the first quarter of 1959 had risen 38 billion dollars from the recession low of 427 billion dollars a year earlier. Federal and State and local Government spending and residential construction increased sharply during 1958 and early 1959. In addition, businessmen reduced their rate of inventory liquidation in 1958 and by the first quarter of 1959 were increasing their stocks at an annual rate of 4.0 billion dollars. With rising incomes, consumers continued to expand their purchases of goods and services by 14 billion dollars between the first quarter of 1958 and 1959.



Table 1.--Gross national product, 1958 and 1959  
(Billion dollars, seasonally adjusted annual rates)

| Item  | 1958  |       |       |       |       | 1959  |
|---|-------|-------|-------|-------|-------|-------|
|   | I     | II    | III   | IV    | Total | I 1/  |
| Gross national product.....                         | 427.1 | 430.4 | 439.8 | 453.0 | 437.7 | 465.0 |
| Personal consumption expenditures..                 | 286.2 | 288.3 | 291.5 | 295.9 | 290.6 | 300.0 |
| Durable goods.....                                  | 36.3  | 35.6  | 36.1  | 38.9  | 36.8  | 40.0  |
| Nondurable goods.....                               | 139.8 | 141.4 | 142.9 | 143.3 | 142.0 | 145.3 |
| Services.....                                       | 110.1 | 111.3 | 112.5 | 113.6 | 111.8 | 114.7 |
| Gross private domestic investment:                  | 50.9  | 50.7  | 54.5  | 61.6  | 54.4  | 68.5  |
| New construction.....                               | 36.3  | 34.9  | 36.3  | 38.6  | 36.5  | 40.0  |
| Residential.....                                    | 17.1  | 16.2  | 17.9  | 20.1  | 17.8  | 21.7  |
| Other.....  | 19.2  | 18.7  | 18.4  | 18.5  | 18.7  | 18.3  |
| Producers' durable equipment.....                   | 22.9  | 22.3  | 22.3  | 23.0  | 22.6  | 24.5  |
| Change in business inventories..                    | -8.2  | -6.5  | -4.2  | .0    | -4.7  | 4.0   |
| Net exports of goods and services..                 | 1.7   | 1.7   | 1.7   | .4    | 1.5   | -.5   |
| Government expenditures for goods and services..... | 88.3  | 89.7  | 92.0  | 95.2  | 91.2  | 97.0  |
| Federal (excluding sales).....                      | 49.7  | 50.7  | 52.2  | 54.2  | 51.7  | 54.7  |
| National defense.....                               | 43.7  | 44.1  | 44.5  | 45.3  | 44.4  | 46.0  |
| State and local.....                                | 38.6  | 39.1  | 39.9  | 41.0  | 39.6  | 42.3  |
| Disposable income.....                              | 306.1 | 309.0 | 315.1 | 315.8 | 311.6 | 321.0 |

1/ Preliminary estimates by Council of Economic Advisers.  
Department of Commerce.

### Consumer Income and Spending

Personal income reached 366 billion dollars, seasonally adjusted annual rates, in the first quarter of 1959, up 17 billion dollars or 5 percent from a year earlier, the low of the 1957-58 recession. Wages and salaries rose as output picked up, accounting for about 14 billion dollars of the gain. Social security, unemployment benefits and other Government payments and business and professional income each were up about 1.8 billion dollars.

Consumer incomes after taxes declined from \$1,799 per person in the third quarter of 1957 to \$1,769 in the first quarter of 1958 but by the first quarter of 1959 rose to \$1,823. However, "real" per person consumer income adjusted for changes in consumer prices, in the first quarter of 1959 was still about 1½ percent below the pre-recession high.

Consumers increased their purchases of goods and services from 286 billion dollars in the first quarter of 1958 to 300 billion dollars in the first quarter this year. Because of an increase in prices, most of which occurred in the first half of 1958, the volume of goods and services purchased increased less than consumer expenditures.

Durables Recovered  
Sharply in Late 1958

Sales of durable goods declined sharply in early 1958, and did not recover until late in 1958 after the introduction of the new 1959 model automobiles.

Table 2.--Changes in installment credit outstanding, by type  
(Quarterly figures seasonally adjusted)

| Type                  | :     | :     | :      | :    | 1958 |      |      |      | :    | 1959 |
|-----------------------|-------|-------|--------|------|------|------|------|------|------|------|
|                       | 1955  | 1957  | 1958   | :    | I    | II   | III  | IV   | I 1/ |      |
|                       | Mil.  | Mil.  | Mil.   | Mil. | Mil. | Mil. | Mil. | Mil. | Mil. |      |
|                       | dol.  | dol.  | dol.   | dol. | dol. | dol. | dol. | dol. | dol. |      |
| Total installment     | :     | :     | :      | :    | :    | :    | :    | :    | :    |      |
| credit .....          | 5,390 | 2,268 | -230   | -292 | -350 | - 74 | 486  | 720  |      |      |
| Automobile paper .... | 3,663 | 950   | -1,278 | -409 | -556 | -422 | 109  | 358  |      |      |
| Other consumer goods  | :     | :     | :      | :    | :    | :    | :    | :    | :    |      |
| paper .....           | 883   | 182   | 315    | - 22 | 63   | 144  | 130  | 167  |      |      |
| Repair and            | :     | :     | :      | :    | :    | :    | :    | :    | :    |      |
| modernization loans:  | 73    | 196   | 54     | - 5  | 4    | 23   | 32   | 30   |      |      |
| Personal loans .....  | 771   | 940   | 679    | 144  | 139  | 181  | 215  | 165  |      |      |

1/ January-February.  
Federal Reserve Board.

By the first quarter of 1959 durable sales reached 40 billion dollars, up about 4 billion from a year earlier. Retail sales of the automobile group in January-March were up 15 percent above a year ago. Modest gains were recorded during the last half of 1958 in furniture and household equipment sales, but in January-March they were 3 percent above a year ago.

Nondurables and Services  
Continue to Advance

Purchases of both nondurable goods and services generally continued to advance during the recent recession, and in the first quarter of 1959 were 4 percent above a year earlier. Retail sales of food stores in January-



March were about 3 percent above a year earlier. Urban retail food prices in the first quarter of 1959 averaged nearly 1 percent below a year earlier, and about 3 percent below the 1958 high last July. Clothing and shoe purchases also picked up in the last half of 1958, and retail sales of apparel in the first quarter of 1959 were about 9 percent above a year earlier.

#### Installment Credit Rising

Consumer credit at the end of February totaled 44.1 billion dollars, up 1.1 billion dollars from a year ago. This was about half the increase between early 1957 and 1958. Consumer installment credit outstanding, seasonally adjusted, declined in the first three quarters of 1958 but increased in the final quarter. A sharp rise in sales of new automobiles following introduction of the 1959 models was the major factor responsible for the rise in installment credit since late 1958. In the first quarter of 1959 consumer installment credit was increasing, while a year earlier it was declining sharply.

#### Consumer Prices Steady in Early 1959

Consumer prices, both urban and rural were around 1 percent higher in early 1959 than the same period in 1958. The decline in food prices in the last half of 1958 and early 1959 more than offset increases in other groups. In the first two months of 1959, urban consumer nonfood prices were up about 1 percent from mid-1958 and  $1\frac{1}{2}$  percent from a year ago. Medical care, recreation, transportation and housing costs were higher while apparel prices were about the same as in the comparable period a year earlier. For rural consumers, the cost of auto and auto supplies, household operations, and clothing were higher while household furnishings were unchanged.

#### Government Demand

Government purchases of goods and service rose during 1958 and in the first quarter of 1959 were at an annual rate of 9 billion dollars above a year earlier. Purchases by the Federal Government at an annual rate of 55 billion dollars, were around 5 billion dollars above a year earlier. Increasing expenditures for national defence, larger CCC investment in price support operations, and higher wage and salary payments were principally responsible. Based upon recommendations in the President's 1959-60 Budget, purchases of goods and services are not likely to change much from the current levels for the rest of 1959.

Purchases by State and local Governments rose to about 42 billion in the first quarter of 1959, about 4 billion dollars above the first quarter of 1958. Wage and salary payments and higher outlays for construction, particularly for schools and highways, accounted for almost all the rise. Recent trends in State and local Government spending are likely to continue during the remainder of this year.



### Private Investment

Private investment expenditures declined from an annual rate of 67 billion dollars in the second quarter of 1957 to 51 billion dollars a year later, due to sharp reductions in capital spending and a rapid rate of inventory liquidation. By the first quarter of 1959 investment outlays were a little above the 1957 peak, as businessmen reduced their rate of inventory liquidation in the last half of 1958 and began to accumulate stocks in early 1959. In addition, the recovery in private investment outlays was stimulated by a rapid rise in residential construction and a moderate increase in capital spending beginning in late 1958.

#### Capital Spending to Rise Moderately

Outlays for plant and equipment during 1959 are expected to total about 4 percent above the 1958 level of 30.5 billion dollars. The annual survey of business intentions taken between late January and early March by the Department of Commerce and Securities and Exchange Commission reports that most of the expansion is scheduled in durable and non-durable manufacturing, the airlines, and gas utilities. Spending by the other major industry groups is not expected to differ significantly from 1958. The survey data indicate that planned investment outlays will rise to an annual rate of about 32 billion dollars in the second quarter of 1959. The later McGraw-Hill survey indicates that capital spending in 1959 may be somewhat higher than that reported by the Department of Commerce and Securities and Exchange Commission.

The pickup in investment outlays is primarily related to the more favorable sales and profit expectations. For the airlines, however, much of the planned rise in expenditure of more than 20 percent has been stimulated by orders for new jet aircraft. Planned investment will be directed mainly toward meeting the needs for modernization, with most of the increase for new equipment.

#### Inventories Rise in Early 1959

Businessmen reduced their investment in inventories in late 1957 and early 1958 as the demand for new plant and equipment and for consumers' durable goods slowed and then turned down. By the first quarter of 1958, liquidation reached an annual rate of 8 billion dollars. Inventory liquidation slowed with the economic recovery that began in the second quarter of 1958 and by the end of the year had ceased. In the first quarter of 1959, businessmen accumulated inventories at an annual rate of 4.0 billion dollars.

Manufacturing stocks at the end of February totaled 49.8 billion dollars, seasonally adjusted, still 2.6 billion dollars below a year ago but 600 million dollars above the end of December 1958.

The durable goods industries accounted for most of the rise in manufacturing stocks, particularly the primary and fabricated metals groups. Steel users have apparently built up inventories in anticipation of a strike around

mid-year. Inventory accumulation in the food and chemical industries stimulated the moderate increase in the nondurable goods group. At retail, inventories at the end of February totaled 24.2 billion dollars, up 500 million dollars from the fourth quarter of 1958 and down 100 million dollars from a year ago. Most of the increase was in durable goods, particularly new domestic automobiles in dealers' hands which were close to 825,000 on March 31, compared with about 395,000 at the end of October. Little change has occurred in stocks of nondurable goods in recent months. At the end of February, they were about the same as a year earlier.

With manufacturing and retail sales running well above a year ago, stock-sales ratios have declined sharply from the highs in the first quarter of 1958. Those in manufacturing in early 1959 were back to the levels of 1955-57. Stock-sales ratios at retail declined during 1958 and in early 1959 were below early 1957 and early 1956. With some further rise in sales anticipated, further investment in inventories is likely during the remainder of 1959.

Table 3.--Business sales and inventories, first quarter 1958  
to first quarter 1959, seasonally adjusted

| Item                  | Unit      | 1958             |                   |                  |                   | 1959                   |
|-----------------------|-----------|------------------|-------------------|------------------|-------------------|------------------------|
|                       |           | First<br>quarter | Second<br>quarter | Third<br>quarter | Fourth<br>quarter | First<br>quarter<br>1/ |
| Manufacturing:        |           |                  |                   |                  |                   |                        |
| Sales <u>2/</u>       | Bil. dol. | 25.6             | 25.3              | 26.5             | 27.6              | 28.3                   |
| Inventories           | Bil. dol. | 52.4             | 50.9              | 49.5             | 49.3              | 49.6                   |
| Stock-sales:<br>ratio | Ratio     | 2.05             | 2.01              | 1.87             | 1.79              | 1.75                   |
| Wholesale:            |           |                  |                   |                  |                   |                        |
| Sales <u>2/</u>       | Bil. dol. | 10.5             | 10.8              | 11.2             | 11.6              | 11.9                   |
| Inventories           | Bil. dol. | 12.5             | 12.1              | 12.1             | 12.1              | 11.9                   |
| Stock-sales:<br>ratio | Ratio     | 1.19             | 1.12              | 1.08             | 1.04              | 1.00                   |
| Retail:               |           |                  |                   |                  |                   |                        |
| Sales <u>2/</u>       | Bil. dol. | 16.3             | 16.6              | 16.7             | 17.2              | 17.6                   |
| Inventories           | Bil. dol. | 24.3             | 24.0              | 23.9             | 23.7              | 24.2                   |
| Stock-sales:<br>ratio | Ratio     | 1.49             | 1.45              | 1.42             | 1.38              | 1.38                   |

1/ 2 month average.

2/ Monthly average.



### New Private Construction Outlays Trend Upward

Total expenditures for new construction continued upward through the first quarter of 1959. Outlays in January-March 1959, totaled 13.6 billion dollars, seasonally adjusted, 13 percent above the corresponding months of a year earlier and 4 percent above the peak fourth quarter of 1958. Private residential construction totaled 5.4 billion dollars, seasonally adjusted, in the first 3 months of 1959, 27 percent above a year earlier, and slightly above the final quarter of 1958.

Housing starts during the first quarter of 1959 were at an annual rate of 1,353,000 units, down 34,000 from the fourth quarter average but 42 percent above the first quarter of 1958. The 1958 Emergency Housing Act eased the terms on FHA insured mortgages and VA loan guarantees and provided assistance for the financing of selected types of home mortgages. The number of applications for FHA and VA insured mortgages rose rapidly during the second and third quarters, after enactment of the housing legislation. They declined during the final quarter, but increased during the first quarter of 1959.

According to estimates of the Federal Home Loan Bank Board prepared in early 1959, the demand for all mortgage funds needed to support financing of homes will be greater during this year than in any previous year. The amount of mortgages recorded should reach a level in excess of 29 billion dollars, up about a billion from the previous high in 1955 and  $2\frac{1}{2}$  billion above last year. A substantial part of this money will be provided from repayments on existing homes. Consequently, the net increase in mortgage debt to be financed through new funds should not be much greater than in 1958.

Industrial and commercial building continued to decline in January-March 1959, when it was 4 percent below the last quarter of 1958 and 12 percent below a year earlier. Public construction outlays continued to rise through March 1959. The first quarter total of 4.3 billion dollars, seasonally adjusted, was 18 percent above a year ago, reflecting large increases in public highways, and smaller gains for other types of facilities.

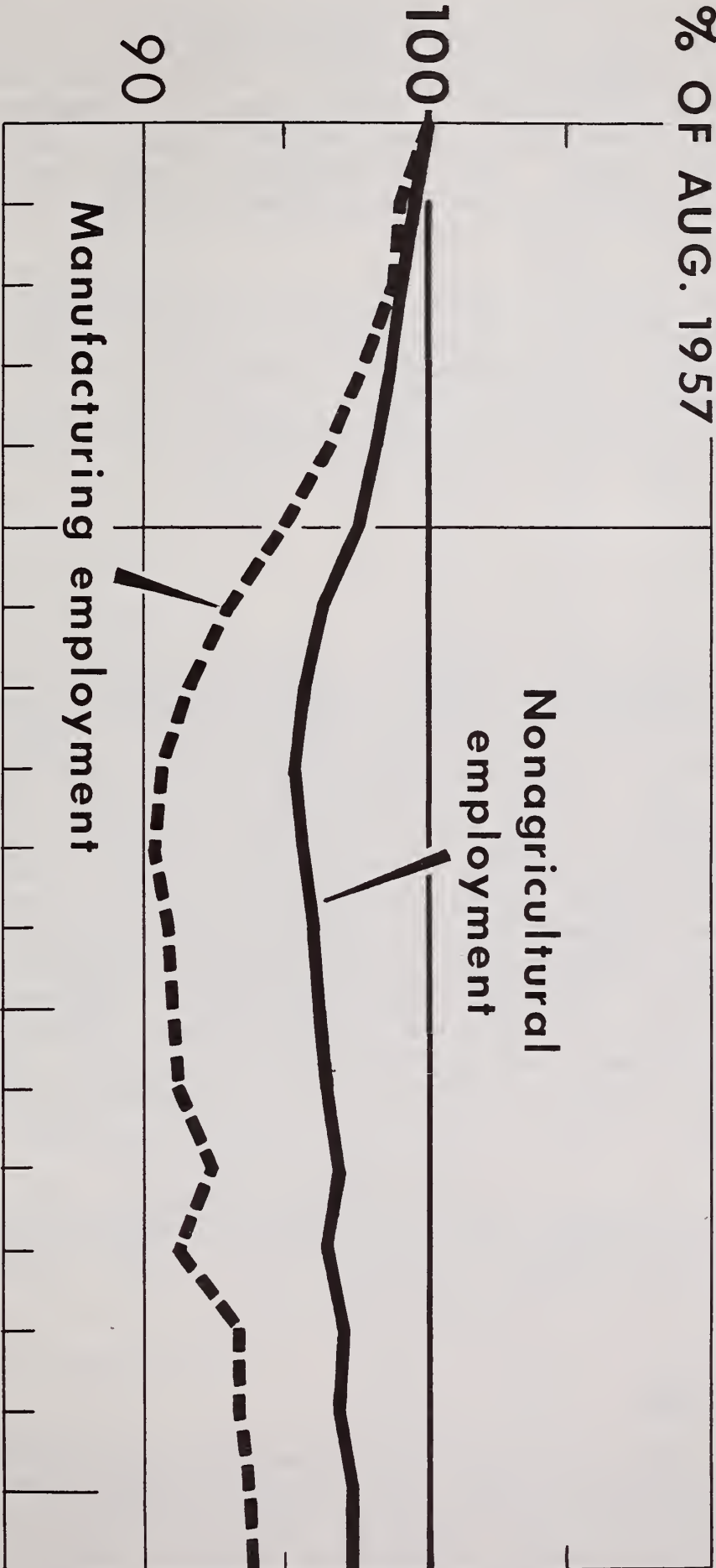
### Employment and Production

Civilian employment according to reports of the Bureau of Census in the first quarter of 1959 averaged 63.1 million, about 1 million above a year earlier. It was steady in January and February but rose about 250,000 in March. The Bureau of Labor Statistics reported that nonfarm employment, seasonally adjusted, in the first quarter at 51.2 million was up about 1,100,000 from the 1958 recession low, but 1,300,000 below the peak in August 1957. Manufacturing employment in the first quarter of 1959 averaged 15.9 million, up 200,000 from a year earlier but still about 1,000,000 below the prerecession level. Nonmanufacturing employment averaged 300,000 higher in the first quarter of 1959 than a year ago. Government registered the largest gain with small increases in trade, construction and mining. According to the bi-monthly survey of employer hiring plans in 149 major labor market areas conducted by



# NONAGRICULTURAL AND MANUFACTURING EMPLOYMENT

% OF AUG. 1957



SOURCE: U. S. DEPARTMENT OF LABOR

INDEXES COMPUTED BY AMS, SEASONALLY ADJUSTED

U. S. DEPARTMENT OF AGRICULTURE

NEG. 6549 A-59 (3) AGRICULTURAL MARKETING SERVICE

public employment offices, the usual spring pickup in jobs is expected through mid-May. The increase in durable goods industries may be more than seasonal. Unemployment in the first quarter of 1959 averaged 4.6 million compared with 5.0 million in the first quarter of 1958 as civilian employment rose about twice as much as the labor force. Unemployment, seasonally adjusted, averaged 6 percent of the civilian labor force compared with 6.5 percent a year earlier and  $7\frac{1}{2}$  percent last August. With the increase in employment in March, unemployment declined to 4.4 million, and the seasonally adjusted rate dropped to 5.8 percent of the civilian labor force.

The average factory workweek picked up sharply during the last half of 1958 and was 40 hours in the first quarter of 1959, up about  $1\frac{1}{2}$  hours from a year earlier. Average hourly earnings in January-March were \$2.20, up 3 cents from October-December 1958 and 9 cents from a year earlier. Average weekly earnings in the first quarter of 1959 were \$88, 8 percent above a year earlier, reflecting higher wage rates and increased hours.

Industrial  
Production  
Higher

Industrial production seasonally adjusted continued to advance in the first quarter of 1959 and the index at 145 (1947-49=100) was up 15 percent from the recession low and 12 percent above a year earlier. The index in March exceeded by 1 percent the pre-recession level in August 1957 and, by 17 percent, the low in April 1958. Output of durable goods increased the most with large gains in primary metals, fabricated metals and transportation equipment. Steel production has increased rapidly in early 1959, in part reflecting an inventory buildup and an anticipated steel strike at mid-year. In March 11.6 million tons of steel were produced compared with 9.3 in January and 6.3 million a year earlier. Automobile production also rose during the first quarter as sales rose around a fourth above a year ago and inventories in dealers hands were increased to meet needs for the seasonally heavy spring sales. The index of auto production in March, at 142 was up 54 percent from a year ago. With rising sales of furniture and other household equipment, the production index of household goods in January-February at 148 was 18 percent above a year ago.

Nondurable output in the first quarter reached a new high of 139, up 11 percent from a year ago, reflecting a strong consumer demand for nondurable goods as well as some increase in inventories to handle the present level of sales.

Industrial Prices  
Rising in Early 1959

Wholesale industrial prices have risen slowly in the last half of 1959 and in the first quarter averaged 127.8 above mid-1958 and 2 percent above a year earlier. The increase in industrial prices has been concentrated in metal products, machinery and related industries, lumber and wool products, fuel, particularly petroleum, hide and leather and rubber. Textile and apparel, furniture and household durables, and chemical prices are down a little from a year earlier.



Table 4.--Wholesale industrial prices, by quarters, 1958-59

| Commodity                              | Index (1947-49=100) |       |       |       |                 |
|--|---------------------|-------|-------|-------|-----------------|
|  | 1958                |       |       |       | 1959            |
|  | I                   | II    | III   | IV    | I               |
| Industrial prices                      | 125.8               | 125.4 | 126.0 | 126.8 | 127.8           |
| Machinery and motive products          | 149.3               | 149.4 | 149.5 | 150.9 | 152.0           |
| Metal working machinery                | 178.3               | 178.0 | 178.0 | 177.8 | <u>1</u> /178.6 |
| Machinery and equipment                | 154.9               | 155.1 | 155.2 | 155.9 | <u>1</u> /156.8 |
| Agricultural machinery                 | 138.7               | 138.7 | 139.2 | 142.1 | <u>1</u> /144.4 |
| Metal and metal products               | 149.9               | 148.7 | 150.3 | 152.7 | 153.3           |
| Steel mill products                    | 183.2               | 183.1 | 186.3 | 188.1 | <u>1</u> /188.4 |
| Construction materials                 | 129.9               | 129.2 | 130.7 | 132.0 | <u>1</u> /132.8 |
| Lumber and wood products               | 114.2               | 114.4 | 117.5 | 118.8 | <u>1</u> /120.2 |
| Nonmetallic minerals-structural        | 136.1               | 135.5 | 135.7 | 136.8 | 137.5           |
| Fuel, power, and lighting              | 114.0               | 110.7 | 113.2 | 112.8 | 114.6           |
| Refined petroleum products             | 117.0               | 111.8 | 116.0 | 114.3 | <u>1</u> /116.7 |
| Rubber and rubber products             | 144.8               | 144.2 | 144.8 | 146.3 | 146.3           |
| Chemicals and allied products          | 110.7               | 110.8 | 110.1 | 110.1 | 110.0           |
| Hides, skins, and leather              | 99.6                | 100.0 | 100.3 | 102.4 | 106.0           |
| Furniture and other household durables | 123.6               | 123.2 | 123.1 | 122.8 | 123.3           |

1/ Two months average.

United States Department of Labor, quarterly indexes computed by AMS.

### Farm Prices

Farm product prices in the first quarter of 1959 averaged  $1\frac{1}{2}$  percent below a year earlier with prices of livestock and livestock products, and crops down about the same amount. The Prices Received index has trended down since last April when it reached 257 (1910-14=100), the highest in 5 years. Wheat, hogs, milk, eggs and the oilseeds have contributed most to the easing. Higher prices for feed grains, cotton, cattle and fruit were partially offsetting.

Table 5.--Agricultural prices, first quarter 1958 to first quarter 1959 (1910-14=100)

| Item                               | 1958    |         |         |         | 1959    |
|------------------------------------|---------|---------|---------|---------|---------|
|                                    | First   | Second  | Third   | Fourth  | First   |
|                                    | quarter | quarter | quarter | quarter | quarter |
| Prices received, all farm products | 248     | 254     | 251     | 247     | 244     |
| Crops                              | 222     | 231     | 224     | 217     | 218     |
| Livestock and products             | 270     | 273     | 274     | 271     | 266     |
| Prices paid, interest, taxes and   |         |         |         |         |         |
| wage rates                         | 291     | 294     | 293     | 294     | 298     |
| Family living                      | 286     | 288     | 287     | 287     | 288     |
| Production                         | 261     | 265     | 265     | 264     | 268     |
| Parity ratio                       | 85      | 86      | 85      | 84      | 82      |

Source: U. S. Department of Agriculture, AMS.



Table 6.--Comparison of average prices received for selected commodities with support prices for 1957, 1958 and 1959

| Commodity           | Unit          | Support price 1957 crops | Season average price 1957-58 | Support price 1958 crops | Season average price 1958-59 | Support price 1959 crops | Average price received March 15, 1959 |
|---------------------|---------------|--------------------------|------------------------------|--------------------------|------------------------------|--------------------------|---------------------------------------|
| Tobacco:            |               |                          |                              |                          |                              |                          |                                       |
| Flue-cured          | Ct. per lb.   | 50.8                     | 55.4                         | 54.6                     | 58.2                         | 1/                       |                                       |
| Burley              | Ct. per lb.   | 51.7                     | 60.3                         | 55.4                     | 66.2                         | 1/                       |                                       |
| Food grains:        |               |                          |                              |                          |                              |                          |                                       |
| Wheat               | Dol. per bu.  | 2/2.00                   | 1.93                         | 2/1.82                   | 1.72                         | 2/3/1.81                 | 1.76                                  |
| Rye                 | Dol. per bu.  | 1.18                     | 1.08                         | 1.10                     | .999                         | .90                      | .966                                  |
| Rice (rough)        | Dol. per cwt. | 4.72                     | 5.11                         | 4.48                     | 4.88                         | 3/4.38                   | 5.04                                  |
| Feed grains:        |               |                          |                              |                          |                              |                          |                                       |
| Corn                | Dol. per bu.  | 4/1.40                   | 1.12                         | 4/1.36                   | 1.07                         | 3/1.12                   | 1.06                                  |
| Oats                | Dol. per bu.  | .61                      | .608                         | .61                      | .568                         | .50                      | .590                                  |
| Barley              | Dol. per bu.  | .95                      | .879                         | .93                      | .876                         | .77                      | .905                                  |
| Grain sorghums      | Dol. per cwt. | 1.86                     | .970                         | 1.83                     | .980                         | 1.52                     | 1.76                                  |
| Oilseeds:           |               |                          |                              |                          |                              |                          |                                       |
| Cottonseed          | Dol. per ton  | 46.00                    | 51.10                        | 45.00                    | 43.80                        | 38.00                    | 45.40                                 |
| Soybeans            | Dol. per bu.  | 2.09                     | 2.07                         | 2.09                     | 1.97                         | 1.85                     | 2.07                                  |
| Peanuts             | Ct. per lb.   | 11.1                     | 10.4                         | 10.7                     | 10.6                         | 3/9.7                    | 10.7                                  |
| Flaxseed            | Dol. per bu.  | 2.92                     | 2.94                         | 2.78                     | 2.69                         | 2.38                     | 2.56                                  |
| Dry edible beans:   | Dol. per cwt. | 6.31                     | 7.17                         | 6.18                     | 6.70                         | 5.35                     | 6.81                                  |
| Cotton:             |               |                          |                              |                          |                              |                          |                                       |
| American Upland     | Ct. per lb.   | 28.81                    | 29.65                        | 31.23                    | 5/33.10                      | 6/30.40                  | 30.19                                 |
| Wool (grease basis) | Ct. per lb.   | 62.0                     | 53.7                         | 62.0                     | 36.9                         | 62.0                     | 35.1                                  |
| Crude Pine Gum      |               |                          |                              |                          |                              |                          |                                       |
| (processed basis)   | Dol. per bbl. | 28.29                    | 7/24.80                      | 29.04                    | 7/23.70                      | 28.98                    | 24.82                                 |

1/ Not yet announced. 2/ Commercial areas only. 3/ Minimum support levels. 4/ Support prices in commercial area, in compliance with allotments. The support for non-compliance corn in commercial area was \$1.10 in 1957 and \$1.06 in 1958. 5/ Average price to December 1, 1958, all cotton. 6/ Choice (A). Choice (B) support price is 24.70. 7/ January-December average.

Season average prices are weighted by production.

Prices paid by farmers, including interest, taxes and wage rates, were  $2\frac{1}{2}$  percent higher in the first 3 months of this year than a year earlier. Most of the increase was among the production items, particularly feeder livestock. The index of production items rose nearly 3 percent over the year; the feeder livestock index was up 6 percent. The rise in the Prices Paid index with the small decline in Prices Received combined to reduce the Parity Ratio  $3\frac{1}{2}$  percent.

#### Supports on 1959 Crops

The support level announced for wheat is about the same as in 1958. The \$1.12 per bushel support level for all corn is below last year's \$1.36 level for corn grown in the commercial area in compliance with acreage limitations but above the \$1.06 level for noncompliance corn. Most corn last year was grown on noncompliance farms and, thus, were eligible for the lower support level. Tobacco supports have not yet been announced. If legislation pending in Congress is enacted, 1959 tobacco supports would not be set higher than the 1958 levels. Support rates for all but one of the "Nonbasics"--butterfat, manufacturing milk, wool, and mohair--have been set at the same rates as last year. The only exception in this group is honey, the minimum support for which is down from 10 cents to 8 cents per pound. The 1959 support level for tung nuts will not be announced until next fall.

### FOREIGN DEMAND

#### World Trade and Financial Developments

Foreign industrial countries in general greatly strengthened their balance of payments and improved their liquidity positions in 1958. In many underdeveloped countries, however, continued internal inflationary pressures and lower prices received for many primary products resulted in balance of payments difficulties.

The total value of foreign gold and dollar assets on December 31, 1958 was 35.4 billion dollars, 4.2 billion dollars above a year earlier (table 7). About 3.3 billion dollars of this rise resulted from an increase in assets acquired through transactions with the U. S. The remainder was obtained from purchases of newly mined gold, from dealings with the Soviet Bloc and from other sources. The stock of gold held by the U. S. was reduced by approximately 2.3 billion dollars. However, the stock still totals over 20 billion dollars, more than half of the free world's supply. Foreign holdings of U. S. Government bonds and notes totaled 1,478 million dollars, slightly above the level of a year ago.

Table 7.--Estimated foreign gold and short-term dollar holdings and foreign holdings of U.S. Government bonds and notes, December 1957 and 1958

| Area and country <u>1/</u>                                   | December 31,<br>1957 | December 31,<br>1958 | Change             |
|--|----------------------|----------------------|--------------------|
|  | Million<br>dollars   | Million<br>dollars   | Million<br>dollars |
| Gold and dollars   |                      |                      |                    |
| Industrial countries   |                      |                      |                    |
| Canada   | 2,738                | 3,083                | 345                |
| United Kingdom   | 2,979                | 3,835                | 856                |
| Japan  | 714                  | 1,098                | 384                |
| Continental Western Europe - Total                           | 14,755               | 17,607               | 2,852              |
| Belgium  | 1,182                | 1,522                | 340                |
| France <u>2/</u>   | 946                  | 1,134                | 188                |
| Germany  | 4,099                | 4,394                | 295                |
| Italy  | 1,531                | 2,208                | 677                |
| Netherlands  | 1,044                | 1,497                | 453                |
| Switzerland  | 2,685                | 2,778                | 93                 |
| Other Western Europe   | 3,268                | 4,074                | 806                |
| Other sterling area  | 1,023                | 1,057                | 34                 |
| Latin American Republics <u>3/</u>                           | 4,368                | <u>3/</u> 4,009      | -359               |
| Cuba   | 371                  | 366                  | -5                 |
| Mexico <u>3/</u>   | 566                  | 564                  | -2                 |
| Venezuela  | 1,554                | 1,213                | -341               |
| All other countries <u>4/</u>                                | 2,000                | 1,873                | -127               |
| Total foreign countries <u>5/</u>                            | <u>28,577</u>        | <u>32,562</u>        | <u>3,985</u>       |
| International institutions                                   | 2,697                | 2,876                | 179                |
| Grand total  | <u>31,274</u>        | <u>35,438</u>        | <u>4,164</u>       |
| Foreign holdings of long-term<br>U.S. Government obligations | 1,442                | 1,478                | 36                 |

1/ Includes dependencies.2/ Excludes gold holdings of French Exchange Stabilization Fund.3/ Includes latest report figure (Oct. 31, 1958) for gold reserves.4/ Not separately mentioned or included in regional totals.5/ Excludes gold reserves of the USSR and Eastern Europe.



The transfer of gold and dollars abroad began several years ago, but it was reversed during and immediately after the Suez situation when foreign purchases of U.S. goods increased sharply. However, last year U.S. exports declined substantially and imports remained virtually the same. Consequently, the U.S. payments surplus on goods and services dropped from 5.1 billion dollars in 1957 to 1.7 billion dollars in 1958 (table 8). Although this is a 3.4 billion dollar drop from 1957, it is slightly more than the average for 1955 and 1956. The net outflow of private U.S. capital, totaling 2.9 billion dollars, declined about 10 percent as a result of smaller direct investments in foreign countries and a reduction in new credit extended to foreigners by U.S. commercial banks. In addition, the U.S. Government paid 2.6 billion dollars to foreigners in 1958 in economic grants and loans, the same as in 1957.

Table 8.--Selected Items of the United States balance of payments  
calendar 1957 and 1958

| Item                             | Year ending December 31          |                                  | Change                           |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                  | 1957                             | 1958 <u>1/</u>                   |                                  |
|                                  | <u>Billion</u><br><u>dollars</u> | <u>Billion</u><br><u>dollars</u> | <u>Billion</u><br><u>dollars</u> |
| Goods and services               |                                  |                                  |                                  |
| Exports <u>2/</u>                | 26.5                             | 23.1                             | -3.4                             |
| Imports <u>3/</u>                | 21.4                             | 21.4                             | ---                              |
| Balance                          | 5.1                              | 1.7                              | -3.4                             |
| New outflow of U. S. capital and |                                  |                                  |                                  |
| Government grants                |                                  |                                  |                                  |
| Private capital                  | 3.2                              | 2.9                              | 0.3                              |
| Government loans <u>4/</u>       | 1.0                              | 1.0                              | ---                              |
| Government grants <u>5/</u>      | 1.6                              | 1.6                              | ---                              |
| Foreign capital and unrecorded   |                                  |                                  |                                  |
| inflows <u>6/</u>                | 1.2                              | 0.4                              | -0.8                             |
| Net transfer of gold and dollars |                                  |                                  |                                  |
| to foreigners                    | -0.6                             | 3.3                              | 3.9                              |

1/ Preliminary. 2/ Excludes military transfers under grants. 3/ Includes military expenditures abroad, pensions, and net remittances. 4/ Includes other short term claims. 5/ Excludes military grants. 6/ Includes direct and other long-term portfolio investments (other than U. S. Government securities), and unrecorded receipts appearing in balance of payments as "errors and omissions."

Most of the decline in U. S. exports in 1958 resulted from smaller shipments of automobiles, wheat and a few industrial materials, such as iron and steel-mill products, petroleum, coal and cotton. Foreign demand for these commodities weakened with the 1957-58 cyclical downswing in economic activity and a better wheat harvest. Exports in 1957 were high because of a strong foreign demand resulting from the Suez crisis and its aftermath, a high level of industrial activity abroad, and the poor European wheat crop.

The foreign trade of the U. S. will probably increase during the remainder of 1959. A rising level of economic activity in the U. S. indicates continued high imports into this country. Exports seem likely to increase from current levels in the latter part of 1959 because of the high level of international reserves and economic recovery abroad. However, the U.S. will continue to face greater competition in world markets. Industrial plants and equipment in Europe and Japan have been restored and modernized, and are now able not only to supply domestic demands but to produce more for the export market.

U.S. Trade in Agricultural  
Commodities in 1958

U.S. agricultural exports in 1958 totaled 3,856 million dollars, 14 percent below the previous calendar year value of 4,505 million dollars. The value of cotton, wheat and wheat flour shipments dropped substantially, though exports of feed grains set a new record. Among the 10 best foreign markets for U.S. agricultural commodities, only Spain showed a significant increase from 1957 (table 9). Exports to Cuba and Canada remained virtually the same in 1958 as in the previous year; but shipments to the other 7 countries declined. Exports to these markets constituted well over half of the total value of U. S. agricultural exports in both 1957 and 1958.

Table 9.--United States agricultural exports, by country of destination,  
calendar 1957 and 1958

| Country        | 1957                  | 1958                  | Change         |
|----------------|-----------------------|-----------------------|----------------|
|                | <u>Million pounds</u> | <u>Million pounds</u> | <u>Percent</u> |
| United Kingdom | 501                   | 409                   | -18            |
| Japan          | 454                   | 361                   | -20            |
| Canada         | 354                   | 344                   | -3             |
| West Germany   | 411                   | 286                   | -30            |
| Netherland     | 238                   | 206                   | -13            |
| India          | 253                   | 176                   | -30            |
| Cuba           | 147                   | 146                   | -1             |
| Spain          | 98                    | 145                   | 48             |
| Italy          | 214                   | 142                   | -34            |
| Korea          | 123                   | 112                   | -9             |
| Other          | 1,714                 | 1,529                 | -11            |
| Total          | 4,505                 | 3,856                 | -14            |

Foreign Agricultural Service.



Imports of agricultural commodities had approximately the same value, 3.9 billion dollars, in 1958 as in 1957. A rise was registered in deliveries of meat and animal products, sugar, cocoa, tobacco, and nuts and preparations; while imports of coffee, wool, crude rubber, and vegetable fats and oils declined.

### Agricultural Export Outlook

The value of agricultural exports for the fiscal year ending June 30, 1959 is expected to total about 3.7 billion dollars, approximately 7 percent below the 4.0 billion dollars exported in the previous year. The decline reflects a sharp drop in the volume of cotton exports. Exports of agricultural commodities other than cotton in fiscal 1958-59 probably will be about 4 percent greater than a year earlier.

Agricultural exports in the second half of 1959 are likely to be substantially above the estimated 1.7 billion dollars shipped during the first 6 months because of a rise in cotton and rice exports and continued high level exports of feed grains and fats and oils. However, prices of some commodities will decline so that the increase in the quantity of exports will be greater than the increase in value.

A major part of agricultural exports will continue to be farm products shipped under Government programs. U.S. commitments, estimated at about 700 million dollars, market value, under Title I, Barter and Mutual Security will be carried into fiscal 1959-60. In addition, a substantial portion of Title I funds remains to be committed under the current authority of 2.25 billion dollars, CCC cost. The President also has recommended extension of Title I one year beyond the present expiration date of December 31, 1959, with an increase in authority of 1.5 billion dollars. Furthermore, it is anticipated that Mutual Security funds will be used to finance the sale of agricultural products in fiscal 1959-60. The legislative requirement for the two previous years was 175 million dollars.

Wheat and wheat flour exports during fiscal 1958-59 will probably total 450 million bushels compared with 402 million bushels in the previous year. Much of the increase is resulting from larger shipments of wheat to India under P.L. 480. In addition, the 1958 wheat crop in Europe was somewhat smaller than that of the record 1957 crop and the milling quality was poor. Rice exports are likely to be almost a fourth larger in 1958-59 than the 12 million hundredweight (milled basis) shipped in 1957-58 because of an anticipated increase in shipments under barter, the payment-in-kind program, and other CCC sales for export. Foreign demand for feed grains is being stimulated by smaller crops abroad and increases in foreign livestock and poultry numbers. The total for the fiscal year ending June 30, 1959 will exceed the 9.2 million short tons of the previous fiscal year by over 20 percent. Smaller exports of corn and oats will be more than offset by larger shipments of barley and grain sorghums.

Exports of fats and oils in fiscal 1958-59 will be approximately the same as the 4 billion pounds (oil equivalent) shipped a year earlier. Shipments of flaxseed and linseed oil are expected to be below those of fiscal 1957-58, but exports of soybeans, soybean oil and cottonseed oil probably will

rise to new record levels. The increases are resulting from larger sales under P.L. 480, a general upward trend in the consumption of fats and oils, and greater use in livestock feed. Tobacco exports also are likely to approximate the 473 million pounds shipped in 1957-58. Although U. S. tobacco is meeting stronger competition because of larger foreign crops of our principal export variety, flue-cured, improved economic conditions and increased cigarette consumption abroad are maintaining the level of exports.

Foreign demand for U. S. cotton continues to be weak as a result of result of sizable disparities between the price of U. S. and foreign cotton, increased exportable supplies in foreign countries and reduced textile mill consumption abroad. Exports in fiscal 1958-59 may total only 3 million bales, almost 50 percent below the 5.7 million bales shipped in the preceding year. However, cotton exports are expected to rise substantially during the last 5 months of 1959, with the end of the textile recession abroad and somewhat smaller supplies in the hands of competing exporters. Furthermore, U. S. cotton will be kept competitively priced on the world market after August 1, 1959.

Exports of fresh apples in 1958-59 are likely to be about 50 percent below the unusually large 249 million pounds shipped in 1957-58, and exports of citrus fruit will probably be about 15 percent below the 936 million pounds of a year ago because of increases in foreign production. Exports of dry edible beans and peas, however, will increase as a result of shorter foreign crops. Smaller donations of dairy products abroad are reducing the flow of shipments. Exports of hides and skins are being curtailed by a relatively short domestic supply and fewer exports under the Mutual Security Program.

#### LIVESTOCK AND MEAT

During the next few months, marketings of fed cattle will be large, but sales of hogs and lambs will decline seasonally. Fed cattle prices are expected to hold relatively steady. Cow and stocker and feeder prices are probably near a seasonal high but will hold up well this spring due to a strong demand for replacement cattle. Hog prices will rise seasonally but will continue well below a year earlier.

Cattle slaughter in January-March this year was about 9 percent smaller than a year before. Slaughter of fed cattle was heavy but that for both cows and calves was nearly one-fourth lower than last year. At mid-April prices for Choice slaughter steers were equal to April 1958 but cow prices were up \$1 to \$2 and calf prices \$3 to \$4 per 100 pounds.

Cattle feeders in 13 leading States reported 8 percent more cattle on feed April 1 than last April and stated intentions to market 8 percent more in April-June than a year earlier. Because slaughter of all other classes will remain small, the larger supply of fed cattle may cause no more than an occasional drop in price. The demand for replacement stock is expected to continue strong this spring and prices will hold up well at least during this period.



Hog slaughter, though declining seasonally until around mid-summer, will continue significantly above year-earlier levels. Slaughter so far this year has been up about in line with the 17 percent larger 1958 fall pig crop. In recent weeks hog prices have been around \$5 per 100 pounds below a year earlier. This spring, prices will likely advance seasonally but will continue substantially under last spring.

Sheep and lamb slaughter the next few months will be down from the first quarter slaughter and near a year ago. The early lamb crop was about the same as in 1958 but the number of old crop lambs available has been greatly reduced by the heavy first quarter slaughter. So far this year, lamb prices have been down from early 1958. However, the seasonal rise expected this spring probably will bring lamb prices up to or above a year earlier. They declined somewhat in April and May of 1958.

#### DAIRY PRODUCTS

Prices to farmers for milk and butterfat in 1959 will approximate those of 1958, since price support continues at last year's levels, and supplies of milk products will be large enough to hold prices at support most of the time. Farmers probably will sell a record quantity of dairy products, with proportionately somewhat more used in class I outlets than in 1958. This will help to raise cash receipts which for 1959 are likely to exceed 1958 and approximate the 1957 record of 4.6 billion dollars. However, cost of most production items other than feed are likely to be higher than in 1958.

Milk production per cow has continued to set new records so far this year, but the number of milk cows has continued under 1958. Output in the first quarter of the year was 29.8 billion pounds compared with 29.9 billion a year earlier. For 1959 as a whole, milk production probably will exceed 1958. Reasons for this expectation are stable dairy prices, continued abundant supplies of feeds at slightly lower average prices than in 1958, lower prices for hogs and a lower culling rate than last year when rising beef prices stimulated very heavy culling. Tending to limit milk production, on the other hand, will be rising costs for most items other than feed.

Farmers made a further substantial shift in method of disposing of milk in 1958. The amount used on farms where produced again declined, so that a larger proportion of production was sold. Whole milk represented 90 percent of all milk products sold to plants and dealers, a record percentage, while the proportion sold as farm separated cream dropped to a record low of 10 percent of such sales. The movement of more whole milk has increased commercial market supplies of the solids-not-fat component of milk. Also, beginning with 1956, butter made from whole milk has exceeded the amount made from separated cream.

The increase in milk production is not likely to match the gain in population. With higher employment this year, less dairy products may be purchased for price support this marketing year than last. The quantity of

butter and cheese bought in the 12 months ended March 31, 1959, was equivalent to 3.4 billion pounds of whole milk, compared with 6.8 billion in 1957-58. Surplus purchases of nonfat dry milk, on the other hand, have been rising each year and reached a record of 941 million pounds in 1958-59.

### POULTRY AND EGGS

Prices for eggs and poultry continue lower than at the same time last year. Wholesale egg prices fell 6 to 9 cents per dozen in the last half of March, and continued in early April at about the lowest levels of the year to date. The April 1 rate of lay was 4 percent above the year before. Production in late March and early April was at or near its season peak and Lenten and Easter demands had passed. U. S. average farmers' price of eggs in mid-March, before the end of the price slide, was 33.8 cents per dozen, 1.6 cents below the month before, and 7.0 cents below the year before.

The price decline will probably influence farmers' purchases of replacement chicks in the next few months. Hatchings in January-March were 3 percent above a year earlier, and April 1 eggs in incubators were unchanged from last year. Farmers' February intentions had been to buy 1 percent fewer replacement chicks than last year. The laying flock is now 3 percent larger than a year ago, and of generally younger age.

A high rate of production of broilers until early July is assured by the heavy volume of recent hatchings and egg settings. For the 10 weeks ending March 28, these averaged 14 percent above 1958 and almost equal to the 1958 peak, which occurred in June. Mid-March prices received by farmers averaged 17.3 cents per pound, compared with 21.5 cents in March 1958.

Hatchings of heavy bronze turkeys in March were below last year, but the decline was more than offset by increases in heavy white and Beltsville type turkeys. If total hatchings in the next few months hold at 1958 levels, per capita supplies available for the last half of 1959 will be near the 1958 level of consumption, through reduced diversion of stocks to storage. Then turkey prices at that season might remain little changed from 1958.

### OILSEEDS, FATS AND OILS

Supplies of food fats will be record large during the remainder of the current marketing year which ends next September 30. Exports and domestic use are expected to be at peak levels, but the supply is much greater than probable market outlets, and a sharp increase in carryover on October 1 is likely. Most of the increase will be in soybeans, though lard and vegetable oil stocks may be somewhat larger. These prospects indicate that prices of edible oils and lard during May-September 1959 will continue below the same months of 1958.



Exports of food fats (including oil equivalent of soybeans) in 1958-59 are expected to set a new record of around 3.1 billion pounds, compared with 2.6 billion pounds last year. Exports of cottonseed and soybean oils probably will total around 1,500 million pounds compared with 1,050 million last year and the record 1,230 million in 1956-57. Around 75-80 percent of the edible oil shipments this year will move under the P. L. 480 program. About three-fourths of this year's total edible oil exports is expected to be soybean oil. The level of exports will be partly determined by the portion of the 1958-59 program oil that is shipped before October 1, 1959.

Soybean crushings in October-March 1958-59 are estimated at around 208 million bushels, roughly 33 million more than the first half of the 1957-58 marketing year. Soybean exports (based in part on inspection data) from October 1958 through April 10 are placed at 64 million bushels, about 8 million above a year earlier. For the entire marketing year, crushings probably will set a new record of about 400 million bushels compared with 354 million last year. Exports for the year also are likely to set a new record of at least 90 million bushels or more. About 85 million bushels were shipped in each of the two preceding seasons.

These estimates indicate a soybean carryover of around 75 million bushels on October 1, 1959, about 55 million above a year earlier and 13 percent of the 1958 crop. It would represent about two months crush at current levels. Virtually all of the carryover of old crop beans will be in the hands of CCC. Commercial stocks of beans next fall probably will be small, as lower prices expected for new crop beans will discourage holding more than a minimum. The support rate for the 1959 crop beans will be \$1.85 per bushel, 24 cents less than 1958 support. If a large crop is produced, prices next fall will likely reflect the lower support.

The price received by farmers for 1958 crop flaxseed has been stable at near loan level of \$2.78 per bushel since September 1958, varying between \$2.56-\$2.60. This was nearly 40 cents below September-March 1957-58. The 1958 flaxseed crop was much larger than probable market outlets while the 1957 crop was short.

Farmers placed about 15 million bushels, or 38 percent, of 1958 crop flaxseed under support. CCC acquired most of this on March 31, the maturity date for loans and purchase agreements.

CCC recently announced a toll crushing program for the flaxseed acquired from the 1958 crop to help relieve the tight grain storage situation in the Northern Great Plains. Under the program, processors will submit competitive bids offering CCC linseed oil. Processors will purchase CCC-owned flaxseed at the support price applicable for the grade at point of delivery. Current indications are that CCC probably will toll crush about 4 million bushels of its flaxseed by July 1, the beginning of the 1959-60 marketing year.



## FEED

The total supply of feed grains for 1959-60, based on early Spring prospects, is expected to at least equal, if not exceed, the record supply for 1958-59. Farmers will increase the total acreage planted to feed grains in 1959 by about 6 million acres, if they carry out their March 1 intentions. Production on this prospective acreage with 1954-58 average yields would be around 142 million tons. Feed grain yields, however, have trended upward in recent years. If allowance is made for this trend, total production of around 150-155 million tons would be expected in 1959, with a normal growing season. This would be only a little below the bumper production of 158 million tons in 1958, when yields of each of the four feed grains set new records. Carryover of feed grains is expected to be up by about 15 million tons to a new high of nearly 75 million tons, which would give another record feed concentrate supply in 1959-60.

An increase of 9 million acres is in prospect for corn, the sharpest in more than 20 years. Nearly all of this increase is in the important mid-western producing States. The increase reflects, in part, the discontinuance of acreage allotments and the Corn Acreage Reserve Program. Farmers also apparently are shifting some land to corn from oats, soybeans, hay and sorghums. The prospective acreage of oats for 1959 is 6 percent less than in 1958 and 18 percent below the 10-year average. The total acreage planted to sorghums is expected to be 3 percent below last year while the acreage planned for barley is 5 percent above. Acreages of both will be much larger than average.

Prices of feed grains and most of the byproduct feeds have strengthened during the past month. The price of No. 3 Yellow corn at Chicago has risen 11 cents per bushel since January to an average of \$1.28 per bushel for the week ended April 10. Smaller increases occurred for other feed grains. Last year, prices of feed grains advanced rather sharply from January to April and terminal market prices in mid-April this year were a little below those of a year ago. Another favorable growing season for feed grains this year would be expected to result in at least the usual seasonal decline in prices of oats, barley and sorghum grain this summer. High-protein feed prices also have declined since January and a number of these feeds averaged a little lower in mid-April this year than a year ago.

Farmers placed much more oats under price support from the 1958 crop than from the 1957 crop, but less barley and sorghum grain. Reductions for barley and sorghum grain, in spite of the bigger crops, were due at least in part to exports of grain from the "free" market supply under the payment-in-kind program. A total of 302 million bushels of corn was placed under price support through February, much more than in the same period last year. About 41 percent of this total was placed under support at the lower rate by non-complying farmers. The total quantity of feed grains placed under price support so far this year is 14 percent above a year earlier, indicating another record quantity for the 1958-59 season.



## WHEAT

The 1959 winter wheat crop was estimated at 966 million bushels as of April 1. The first estimate of spring wheat will be made June 10, but if yields equal the average of the last 3 years on intended acreage, the spring crop would be 253 million bushels. This, together with the estimated winter crop, would total around 1,219 million bushels. A crop of this size would be 17 percent smaller than the 1,462 million bushel crop in 1958 but 13 percent above the 1948-57 average of 1,075 million.

A crop of 1,219 million bushels would be around 150 million bushels more than probable total disappearance. This would leave a carryover July 1, 1960 of about 1,435 million bushels compared with the estimated July 1, 1959 stocks of about 1,285 million.

The 966 million bushel estimate for the winter wheat crop is 9 million bushels above the December 1 forecast, 18 percent less than the record 1958 crop of 1,180 million bushels but 19 percent above the 1948-57 average. Increases since December 1 have been largely confined to the Central Great Plains. Such increases more than offset reduced production prospects in the eastern Corn Belt and the Southwest.

Cash wheat prices on April 13 generally were at or close to the high for the season to date. Prices were below the support level, with No. 1 Soft White at Portland, 2 cents below; No. 2 Hard Red Winter, ordinary protein, at Kansas City, 8 cents below; No. 2 Soft Red Winter, at St. Louis, 10 cents below and No. 1 Dark Northern Spring, at Minneapolis, 11 cents below. The price of No. 2 Hard Red Winter, 13 percent protein, at Kansas City, however, was slightly above the support. On April 20, Hard Red Winter prices at Kansas City were about 3 cents lower and Soft Red prices at St. Louis 7 cents lower compared with April 13. Prices at Minneapolis were about unchanged, while those at Portland were up slightly. Prices received by farmers in mid-March averaged \$1.76, the highest for the season to date, compared with \$1.74 a month earlier and \$1.96 a year earlier.

Supplies for 1958-59 estimated at 2,352 million bushels (July 1, 1958 carryover of 881 million, production of 1,462 million and imports of 9 million), domestic disappearance at almost 620 million and exports of about 450 million bushels would leave a carryover of about 1,285 million bushels. Exports of wheat, including flour, July-March totaled about 325 million bushels compared with 290 million in the same period a year earlier.

## RICE

The supply of rice for the year beginning August 1, 1958 totals about 65.3 million cwt. rough equivalent. This is 2.0 million cwt. above a year earlier, but 19.2 million below the record of 1956-57. Domestic disappearance is expected to total about 26.5 million cwt., about the same as last year and the 1953-57 average. Exports are now expected to total about 22 million cwt., which is less than expected earlier because of a delay in exports. Exports are

again largely under Government financing. The carryover on August 1 is expected to be about 16.8 million cwt., down from the 18.1 million cwt. last August and sharply below the 34.6 million cwt. on August 1, 1956. But it still would be about  $6\frac{1}{2}$  times the average of 1945-54, before stocks began to accumulate.

The acreage of rice seeded in 1959 may total 1,605,000 according to March 1 planting intentions. This would be 11 percent above 1958 but 16 percent below the 1948-57 average. If intended acreage is seeded and yields per acre about equal the average of the past 3 years, the 1959 crop would be 51.05 million cwt., 9 percent above the 47.03 million cwt. produced last year. Domestic disappearance in 1959-60 is estimated at about 26.7 million cwt., slightly higher than this year. Exports are likely to exceed 25 million cwt., which would result in a further decrease in the carryover on August 1, 1960.

### FRUIT

Demand for fresh and processed fruit by consumers, supported by rising consumer income, is expected to continue at a high level this spring and summer. Demand for citrus for processing, especially for oranges, remains strong this spring. Reduced carryover stocks of canned deciduous fruits are expected to contribute to strong processor demand for the 1959 deciduous crop. Remaining supplies of citrus fruits are generally larger, those of canned and dried fruits generally smaller, than at this time in 1958. Prices for citrus fruits this spring and summer are expected to be somewhat under the unusually high level of this period of 1958.

Citrus fruit trees and ripening fruit have escaped serious damage this past winter, unlike 1957-58 when successive freezes, especially in Florida, resulted in considerable loss. Deciduous fruit trees, vines and berries in most areas also have come through the winter and early spring in better condition than last year, when unfavorable weather, particularly in California, cut production of a number of fruits. On April 1, 1959, the condition of the new peach crop in the Southern States was about as good as a year earlier and much better than average, pointing to another large crop. In California progress of the new crops was better than a year earlier. The season was not yet far enough advanced to give a clear indication of the size of crops, although prospects as of April 1 were favorable for heavier supplies of early-season fruits than last year.

The 1959 crop of strawberries in the early-spring States (Louisiana, Alabama and Texas), now being harvested, is about 26 percent larger than the 1958 crop but 9 percent below the 1949-57 average. Early marketings from California also are underway. These strawberries go mainly to fresh markets. Acreage in the mid-spring and late-spring States, which grow most of the strawberries that are processed as well as most of those used fresh, is down somewhat from 1958. Approximately half of the 1958 crop was processed, mostly by freezing. Cold-storage stocks of frozen strawberries on April 1, 1959 were about 3 percent smaller than a year earlier.



Stocks of apples in cold storage on April 1, 1959 were considerably larger than a year earlier. Much of the increase was in the central and eastern States and included more apples in controlled atmosphere storage, which are marketed mostly during spring. But about half of total stocks on April 1 was in Washington, from which movement has been slow the past winter. At important shipping points, prices for some red varieties of apples tended to advance during late March and early April, while prices for other varieties tended to hold steady or decline.

Auction prices for winter pears have continued below year-earlier levels, despite lighter stocks.

Remaining supplies of oranges and grapefruit on April 1, 1959 were much larger than a year earlier but about the same as 2 years earlier. Remaining supplies of lemons were about the same as a year earlier. In Florida, both fresh use and use for processing of oranges and fresh use of grapefruit have lagged behind utilization a year earlier when use was speeded up to minimize losses from the freezes. During March and early April, shipping-point prices for Florida oranges held fairly steady in contrast to sharply rising prices a year earlier. With remaining supplies heavier, prices are not expected to make the sharp increases of last spring, hence probably will average somewhat under year-earlier prices. Prices for Florida grapefruit declined during late March and early April to levels much below a year earlier. Auction prices for the increased supplies of California oranges also are expected to continue somewhat below the relatively high prices of the spring and summer of 1958.

Output of Florida frozen orange concentrate to April 4 of the 1958-59 season totaled about 42 million gallons, slightly larger than a year earlier. The season total probably will exceed 1957-58 production by a fifth. Even with much higher early-season prices than in 1957-58, movement to April 4 of the 1958-59 season was 5 percent under corresponding disappearance in 1957-58. Packers' stocks on April 4, 1959 were about 17 percent below a year earlier. The Florida pack of canned single-strength tangerine juice, now completed, is more than twice the light 1957-58 pack. But so far the packs of other canned juices, especially orange, are considerably smaller. Packers' stocks of all canned single-strength citrus juices combined, on April 4, 1959, were about 35 percent below a year earlier. This was due largely to the much lighter pack of orange juice.

#### COMMERCIAL VEGETABLES

##### For Fresh Market

Supplies of vegetables for fresh market sale are likely to be about the same during the next 4-6 weeks as a year earlier. Aggregate production of 18 spring crops for fresh market promises to be close to that of last year, and slightly above the 1949-57 average. These crops typically make up about three-fourths of total spring tonnage, excluding melons. Above normal temperatures in the West advanced harvest of most vegetables one to three weeks. But below normal temperatures and heavy rains in the Southeast delayed planting and retarded crop development in that area.

Among the more important vegetables, smaller production than a year earlier is in prospect for early spring onions, tomatoes, snap beans, cucumbers, sweet corn, and for spring peppers. But larger tonnages are expected for early spring broccoli, cabbage, cauliflower, and lettuce, and for spring carrots, celery, and spinach. Production estimates are not available for the late spring crops or for spring lima beans or cantaloups. However, indicated acreage of late spring asparagus is down 1 percent from 1958, cabbage down 5 percent, and onions and watermelons down about a fifth. Acreage of spring lima beans is expected to be down 15 percent from last year, and cantaloups down 5 percent.

During the next few weeks supplies will increase seasonally and prices will decline. During the next 4 to 6 weeks total marketings are expected to be about the same as those of 1958. However, prices of most items are likely to average below the high levels of a year earlier.

Intentions reports indicate that growers plan slightly smaller acreage of early summer cabbage and onions than in 1958, and materially less acreage of early and late summer watermelons. But indications are that late summer acreage of onions will be up about 12 percent.

#### For Commercial Processing

Remaining supplies of canned vegetables are moderately larger than those of 1958, and record high. Supplies of sweet corn are substantially smaller than a year ago, and lima beans, and pumpkin and squash probably smaller. But stocks of carrots, tomatoes, tomato juice and most tomato products are materially larger than a year earlier, and holdings of snap beans, and green peas slightly to moderately larger. Stocks of frozen vegetables, excluding potatoes, on April 1 amounted to 542 million pounds, slightly less than last year, but above average.

The prospect of ample to heavy carryover of most items at the end of the current season is expected to result in processors planning for a smaller pack this year than last. Production of winter and spring spinach for processing was much larger than the small crop of 1958. Also, intentions reports indicate that processors plan to plant or contract 12 percent more acreage of sweet corn, 5 percent more snap beans, and 1 percent more lima beans. But these acreage increases are a little more than offset by prospective decreases of 14 percent for tomatoes, 9 percent for green peas, and 4 percent for cabbage for kraut (contract acreage only). Should yields and abandonment on the indicated acreages be near the average of recent years, aggregate tonnage of those crops would be at least moderately smaller than last year. Production of sweet corn would be materially larger than in 1958, and snap beans slightly larger. But output of tomatoes, green peas, and contract cabbage for kraut would be substantially smaller, and lima beans slightly smaller.



## POTATOES AND SWEETPOTATOES

During the next few weeks, prices of fall crop potatoes are likely to advance some from the low levels of mid-April. However, with fairly large supplies in prospect during the next 4 to 6 weeks, overall prices are expected to remain at relatively low levels. Indicated production of early spring potatoes is substantially smaller than last year, and acreage of the important late spring crop is down 17 percent. But weather has been more favorable, particularly in California, and yields per acre are expected to be moderately higher. Remaining supplies of fall crop potatoes are probably somewhat larger than a year ago. Also, maturity of new crop potatoes is somewhat earlier than in 1958.

Remaining supplies from the 1958 sweetpotato crop will move to market during the next few weeks. However, shipments are expected to continue materially above those of a year earlier, and prices substantially lower. Intentions reports indicate that growers plan to plant about 1 percent more acreage this year than last. Yields near the average of recent years on the intended acreage would result in a production slightly to moderately less than in 1958, and substantially below the 1949-57 average. Prices to growers for a crop of this size probably would average moderately above those of the current season.

## DRY BEANS AND PEAS

Supplies of dry beans are somewhat larger than a year ago. However, both domestic and export demand have been active so far this season and are expected to continue high for the rest of the season. Prices this season, although below a year earlier, have held up well considering the larger overall supplies, averaging above support levels. Should farmers plant close to the intended acreage this year, a normal growing season probably would result in a moderate surplus.

Dry peas are in tight supply. Strong export demand has taken a large part of the small 1958 production. Prices to growers in mid-March averaged \$6.22 per hundredweight compared with a little less than \$3.00 a year ago. Prices are expected to continue at relatively high levels during the remaining months of the season.

If farmers plant close to the intended acreage this year, 1954-58 average yields by States would result in a production of peas moderately above anticipated domestic and normal export needs. Prices to growers probably would average substantially below those of the current season.

## COTTON

Disappearance of United States cotton during the 1958-59 marketing year is now expected to total about 11.5 million bales, approximately 2.2 million less than in the preceding season. Exports are not expected to exceed 3 million bales, compared with 5.7 in 1957-58. Domestic mill consumption may reach  $8\frac{1}{2}$  million bales, a half million bales above last season but slightly below 2 years ago. Cotton ginned from the 1958 crop, according to the Bureau of the Census, totaled 11.4 million running bales, a half million bales above last season but 1.8 below 1956. Carryover next August 1 is not expected to vary substantially from the 8.7 million bales carried over a year earlier.

Domestic mill consumption from August 1 through February 28 totaled 4.9 million running bales, slightly above 1957. The daily rate of consumption in February totaled nearly 35,000 bales, the highest since October 1956. With mill margins at their highest in over 2 years, mill and trade inventories low and unfilled orders rising, consumption is likely to continue above last year during the rest of this marketing year and through the end of 1959. The pickup in cotton consumption has been accompanied by increased consumption of other fibers. As a result, it is expected that per capita consumption of all fibers will increase in 1959 from the very low levels reached in 1958. In 1958 total fiber consumption at 33.9 pounds per person and cotton consumption at 22.1 pounds were the lowest in 20 years.

Exports of cotton from August 1, 1958 through February 1959 totaled less than 1.7 million bales, half as much as a year earlier. As of March 30, sales of CCC stocks for export under the 1958-59 export program totaled 2.2 million bales and an additional 257,000 bales were registered under the payment-in-kind program, including CCC sales for unrestricted use, dispositions of CCC inventories under the 1958-59 programs totaled 2.5 million bales. As a result of the sales, the CCC inventory of 1957 and previous crop cotton on that date totaled 1.3 million bales. In addition, as of March 27 CCC had loans outstanding on about 6.5 million bales of 1958 crop cotton. Thus CCC holdings as of April 1 totaled about 7.8 million bales, about 3.1 million above a year ago but well below the record 14.2 million reached January 20, 1956.

Prices received by farmers this season trended downward until mid-January when ginnings were nearly completed. The mid-February price of 28.27 cents per pound for upland cotton was about the same as a month earlier. However, by mid-March prices received by farmers rose more than seasonally and averaged 30.19 cents per pound, 4.15 cents above a year ago when the remainder of the relatively late, weather damaged 1957 crop was being marketed at a heavy discount.

Market prices have fluctuated within narrow limits during most of the season, but have been below a year ago since December. In March, the average price of Middling inch cotton on the 14 spot markets reached the season's low of 34.28 cents per pound. Subsequent increases brought the March average to 34.37 while the average price on April 10 was 34.52. Premiums and discounts are narrower than a year ago.



Farm operators with base allotments of 2.5 million acres indicated a preference for Choice (B) provided for under the Agricultural Act of 1958. These farmers received a 40-percent increase in their base acreage allotments, which raises the national allotment about 1 million acres to 17.3 million acres. The output from the Choice (B) acres will be eligible for support at an average of 24.70 cents per pound basis Middling 7/8" cotton. Production from the remaining (A) acreage will be eligible for purchase by CCC at an average of 30.40 cents per pound, basis Middling 7/8" cotton. An estimated 571,000 acres will be included in the Conservation Reserve of the Soil Bank.

#### WOOL

The recovery in mill use of both carpet and apparel wool that began late last year is continuing. World market quotations for wools have advanced since mid-January. Domestic prices in March remained at about the level of the preceding 2 months but turned upward early in April. Imports of both dutiable and free wools are registering notable gains over the relatively low level of a year earlier.

Domestic mill use of carpet wool has been above a year earlier since last August and recently has been about one-half again as large as a year ago. The gain for apparel wool has been less striking but consumption has been above a year earlier since October. With a further expansion in economic activity in prospect this year, mill use in both apparel and carpet wool is likely to be up from 1958.

U. S. imports of both dutiable and duty-free wool for consumption has been above a year earlier since the closing months of 1958. The gain in mill use indicates larger imports this year than last.

Because of the low price received by growers this season, incentive payment rates on 1958 marketings are expected to be the highest since payments were first made on the 1955 clip. Monthly prices for the 1958 season have ranged from 38.2 cents a pound to 35.1 cents. Incentive payments will be made to raise the national average return up to 62 cents.

#### TOBACCO

Cigarette output in 1959 is expected to top the record 470 billion produced in 1958, though the percentage gain probably will be smaller than from 1957 to 1958. The 1959 consumption of cigars and cigarillos seems likely to exceed the 6.4 billion level of 1958--the highest since 1929. Consumption of smoking tobacco for pipes and "roll-your-own" cigarettes rose considerably in 1958 but a further appreciable gain does not appear likely in 1959. The down-trend in consumption of chewing tobacco will probably continue in 1959 and the years ahead. Snuff consumption has declined the last 3 years, and in 1959 may hold about even with 1958.

In the final quarter of 1958 and early months of 1959, output of small cigars rose sharply. These are cigarette-size and weigh not more than 3 pounds per 1,000. Small cigars are not included in total cigars as usually reported, although cigarillos are. If the output of small cigars is maintained at recent

monthly rates, calendar year 1959 output may range from 600 to 900 million--sharply above the 170 million in 1958 and the preceding 5-year average of 58 million.

Total supplies of flue-cured and burley are 3 percent and 2 percent, respectively, below 1957-58. Although production of flue-cured and burley this year may be a little higher than in 1958, the gain may be more than offset by the expected lower carryover. The 1959-60 flue-cured supply may be nearly 3 percent less than for the current year, while the burley supply may be down 1 percent.

The supply of Maryland tobacco in the current marketing year is 4 percent below 1957-58 and the smallest in 7 years. Auctions for the 1958 crop will begin April 28, about the usual date for this type. The average price of the 1957 crop (marketed mostly in 1958) was 45.2 cents per pound; general quality of the crop was the poorest in many years. The Government support price for the 1958 crop is 50.8 cents--6 percent more than for the previous crop. Government price support will not be available when the 1959 crop is marketed in the spring and summer of 1960, as no quotas or allotments are in effect on this year's crop. Prospective 1959 acreage of Maryland is 12 percent larger than in 1958.

Prospective 1959 acreages of fire-cured and dark air-cured tobaccos are up approximately a fifth and a sixth, respectively, from 1958 harvested acreage. With average yields, larger crops than last year's can be expected. The carryovers of both fire- and dark air-cured by next October 1 will be down considerably. However, the 1959-60 total supply of fire-cured and dark air-cured might decline only a little from 1958-59 because of the prospective increase in production.

The 1958-59 supplies of all cigar binder types are at a record low, and 1959-60 supplies will probably be still lower. A sizable reduction is in prospect for supplies of Connecticut Valley binder. These types have been particularly affected by the expanding use of sheet binder on cigars in place of natural leaf binder. There are indications that brands representing perhaps four-fifths of total cigar output may be using processed binders by the end of 1959.

The kinds of tobacco under marketing quotas, except fire-cured, dark air-cured and sun-cured, are supported by law at 90 percent of their parity prices. Price supports for the excepted types are set at fixed percentages of the burley support level, but they cannot be set higher than their 1957 supports unless 90 percent of their own parities exceeds the 1957 support levels. Legislation proposed in Congress would affect tobacco price support determinations; if enacted, support levels for 1959 crops of flue-cured, burley and other kinds of tobacco will not exceed the 1958 support levels.

Calendar year 1958 exports of unmanufactured tobacco totaled 540 million pounds (farm-sales weight)--4 percent less than in 1957 but nearly the same as the recent 10-year average. Exports last year were equal to about three-tenths of the crop. Shipments of tobacco sold for foreign currencies under P.L. 480 programs accounted for 8 percent of total 1958 exports, compared with 7 percent in 1957. Tobacco exports in 1959 may be fairly close to the 1958 level.



## ECONOMIC FACTORS AFFECTING AGRICULTURE, 1929, and 1939-58

| Item  | Unit<br>or<br>base | 1929  | 1939  | 1941  | 1942  | 1943  | 1944  | 1945  | 1946  | 1947  | 1948  | 1949  | 1950  | 1951  | 1952  | 1953  | 1954  | 1955  | 1956  | 1957  | 1958 <sup>p</sup> |
|---|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|
| <b>Industrial production 1/</b>                           |                    |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |                   |
| Total   | 1947-49=100        | 59    | 58    | 87    | 106   | 127   | 125   | 107   | 90    | 100   | 104   | 97    | 112   | 120   | 124   | 134   | 125   | 139   | 143   | 143   | 134               |
| Manufacturers   | do.                | 58    | 57    | 88    | 110   | 133   | 130   | 110   | 90    | 100   | 103   | 97    | 113   | 121   | 125   | 136   | 127   | 140   | 144   | 144   | 136               |
| Durable goods   | do.                | 60    | 49    | 91    | 126   | 162   | 159   | 123   | 86    | 101   | 104   | 95    | 116   | 128   | 136   | 153   | 137   | 155   | 159   | 160   | 142               |
| Nondurable goods  | do.                | 56    | 66    | 84    | 93    | 103   | 99    | 96    | 95    | 99    | 102   | 99    | 111   | 114   | 114   | 118   | 116   | 126   | 129   | 130   | 130               |
| Minerals  | do.                | 68    | 68    | 81    | 84    | 87    | 93    | 92    | 91    | 100   | 106   | 94    | 105   | 115   | 114   | 116   | 111   | 122   | 129   | 128   | 117               |
| Total outlay for new construction 2/                      | Billion dollars    | 10.8  | 8.2   | 12.0  | 14.1  | 8.3   | 5.3   | 5.8   | 12.7  | 17.9  | 23.2  | 24.2  | 30.0  | 32.7  | 34.8  | 37.1  | 39.6  | 44.6  | 46.3  | 48.1  | 49.0              |
| Private residential                                       | do.                | 3.6   | 2.7   | 3.5   | 1.7   | .9    | .8    | 1.3   | 4.8   | 7.5   | 10.1  | 9.6   | 14.1  | 12.5  | 12.8  | 13.8  | 15.4  | 18.7  | 17.7  | 17.0  | 17.9              |
| Total civilian employment 3/                              | Millions           | 47.6  | 45.8  | 50.4  | 53.8  | 54.5  | 54.0  | 52.8  | 55.2  | 57.8  | 59.1  | 58.4  | 59.7  | 60.8  | 61.0  | 61.9  | 60.9  | 62.9  | 64.7  | 65.0  | 64.0              |
| Nonagricultural   | do.                | 37.2  | 36.1  | 41.2  | 44.5  | 45.4  | 45.0  | 44.2  | 46.9  | 49.6  | 51.2  | 50.4  | 52.3  | 53.7  | 54.2  | 55.4  | 54.4  | 56.2  | 58.1  | 58.8  | 58.1              |
| Unemployed  | do.                | 1.6   | 9.5   | 5.6   | 2.7   | 1.1   | .7    | 1.0   | 2.3   | 2.4   | 2.3   | 3.7   | 3.4   | 2.1   | 1.9   | 1.9   | 3.6   | 2.9   | 2.8   | 2.9   | 4.7               |
| Income:   |                    |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |                   |
| Nonagricultural payments 2/4/5/                           | Billion dollars    | 77.7  | 67.1  | 88.0  | 111.5 | 137.6 | 151.6 | 156.8 | 161.2 | 172.8 | 189.2 | 192.1 | 211.3 | 237.0 | 254.3 | 271.5 | 273.8 | 295.0 | 315.4 | 332.7 | 336.5             |
| Production-worker payrolls 5/                             | 1947-49=100        | 35.0  | 29.9  | 49.3  | 72.2  | 99.0  | 102.8 | 81.2  | 97.7  | 97.7  | 105.1 | 97.2  | 111.7 | 129.8 | 136.6 | 151.4 | 137.7 | 192.9 | 161.4 | 162.7 | 148.9             |
| Weekly earnings of production workers in manufacturing 5/ | Dollars            | 25.03 | 23.86 | 29.58 | 36.65 | 43.14 | 46.08 | 44.39 | 43.82 | 49.97 | 54.14 | 54.92 | 59.33 | 64.71 | 67.97 | 71.69 | 71.86 | 76.52 | 79.99 | 82.39 | 83.71             |
| Durable   | do.                | 27.22 | 26.50 | 34.04 | 42.73 | 49.30 | 52.07 | 49.05 | 46.49 | 52.46 | 57.11 | 58.03 | 63.32 | 69.47 | 73.46 | 77.23 | 77.18 | 83.21 | 86.31 | 88.66 | 90.29             |
| Nondurable  | do.                | 22.93 | 21.78 | 24.92 | 29.13 | 34.12 | 37.12 | 38.29 | 41.14 | 46.96 | 50.61 | 51.41 | 54.71 | 58.46 | 60.98 | 63.60 | 64.74 | 68.06 | 71.10 | 73.51 | 75.27             |
| Agricultural trade 6/                                     |                    |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |                   |
| Domestic exports  | Billion dollars    | 1.7   | .7    | .7    | 1.2   | 2.1   | 2.1   | 2.3   | 3.2   | 4.0   | 3.5   | 3.6   | 2.9   | 4.0   | 3.4   | 2.8   | 3.1   | 3.2   | 4.2   | 4.5   | 3.9               |
| Imports for consumption                                   | do.                | 2.2   | 1.1   | 1.7   | 1.3   | 1.5   | 1.8   | 1.7   | 2.3   | 2.8   | 3.1   | 2.9   | 4.0   | 5.2   | 4.5   | 4.2   | 4.0   | 4.0   | 3.9   | 3.9   | 3.9               |
| Prices:   |                    |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |                   |
| Wholesale prices, all commodities 5/                      | 1947-49=100        | 62    | 50    | 57    | 64    | 67    | 68    | 69    | 79    | 96    | 104   | 99    | 103   | 115   | 112   | 110   | 110   | 111   | 114   | 118   | 119               |
| Commodities other than farm and food                      | do.                | 66    | 58    | 64    | 68    | 69    | 70    | 71    | 78    | 95    | 103   | 101   | 105   | 116   | 113   | 114   | 114   | 117   | 122   | 126   | 126               |
| Farm products   | do.                | 59    | 36    | 46    | 59    | 68    | 69    | 72    | 83    | 100   | 107   | 93    | 98    | 113   | 107   | 97    | 96    | 90    | 88    | 91    | 95                |
| Food, processed   | do.                | 58    | 43    | 50    | 59    | 62    | 60    | 61    | 78    | 98    | 106   | 96    | 100   | 111   | 109   | 105   | 105   | 102   | 102   | 106   | 111               |
| Prices received by farmers 7/8/                           | 1910-14=100        | 148   | 95    | 124   | 159   | 193   | 197   | 207   | 236   | 276   | 287   | 250   | 258   | 302   | 288   | 255   | 246   | 232   | 230   | 235   | 250               |
| Crops   | do.                | 135   | 82    | 108   | 145   | 187   | 199   | 202   | 228   | 263   | 255   | 224   | 233   | 265   | 267   | 240   | 242   | 231   | 235   | 225   | 224               |
| Livestock and products                                    | do.                | 159   | 107   | 138   | 171   | 198   | 196   | 211   | 242   | 288   | 315   | 272   | 280   | 336   | 306   | 268   | 249   | 234   | 226   | 244   | 272               |
| Prices paid, interest, taxes and wage rates 7/8/          | 1910-14=100        | 160   | 123   | 133   | 152   | 171   | 182   | 190   | 208   | 240   | 260   | 251   | 256   | 282   | 287   | 277   | 277   | 276   | 278   | 286   | 293               |
| Items used in living                                      | do.                | 154   | 120   | 130   | 149   | 166   | 175   | 182   | 202   | 237   | 251   | 243   | 246   | 268   | 271   | 269   | 270   | 270   | 274   | 282   | 287               |
| Items used in production                                  | do.                | 146   | 121   | 130   | 148   | 164   | 173   | 176   | 191   | 224   | 250   | 238   | 246   | 273   | 274   | 256   | 255   | 251   | 250   | 257   | 264               |
| Parity ratio #  |                    | 92    | 77    | 93    | 105   | 113   | 108   | 109   | 113   | 115   | 110   | 100   | 101   | 107   | 100   | 92    | 89    | 84    | 83    | 82    | 85                |
| Consumer price index 5/                                   | 1947-49=100        | 73    | 59    | 63    | 70    | 74    | 75    | 77    | 83    | 96    | 103   | 102   | 103   | 111   | 114   | 114   | 115   | 114   | 116   | 120   | 124               |
| Food  | do.                | 66    | 47    | 52    | 61    | 68    | 67    | 69    | 79    | 96    | 104   | 100   | 101   | 113   | 115   | 113   | 113   | 111   | 112   | 115   | 120               |
| Government purchases of goods and services 2/8/ #         | Billion dollars    | 8.5   | 13.3  | 24.8  | 59.7  | 88.6  | 96.5  | 82.9  | 30.8  | 28.5  | 34.5  | 40.2  | 39.0  | 60.5  | 71.0  | 82.8  | 75.3  | 75.6  | 78.8  | 85.7  | 91.2              |
| Federal (less Government sales)                           | do.                | 1.3   | 5.2   | 16.9  | 52.0  | 81.2  | 89.0  | 74.8  | 20.9  | 15.8  | 19.3  | 22.2  | 19.3  | 38.8  | 52.9  | 58.0  | 47.5  | 45.3  | 45.7  | 49.4  | 51.7              |
| State and local   | do.                | 7.2   | 8.2   | 7.8   | 7.7   | 7.4   | 7.5   | 8.1   | 10.0  | 12.8  | 15.2  | 17.9  | 19.7  | 21.7  | 23.2  | 24.9  | 27.7  | 30.3  | 33.1  | 36.3  | 39.6              |

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ U. S. Department of Labor for years 1929-39. From 1940-46 old definitions used, 1947 to date new definition used. Bureau of the Census. 4/ Monthly totals seasonally adjusted at annual rates. 5/ U. S. Department of Labor, Bureau of Labor Statistics. 6/ U. S. Department of Agriculture, Foreign Agricultural Service. 7/ U. S. Department of Agriculture, Agricultural Marketing Service. 8/ Quarterly totals seasonally adjusted at annual rates.

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